

# **Lease-Level Unilateral Disclosure**

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DOI currently unilaterally discloses Calendar Year 2013-2015 revenues at the Company, Revenue Stream, and Commodity levels on the USEITI Data Portal.

- ONRR: Royalties, Rents, Bonuses, Other Revenues, Offshore Inspection Fees, and Civil Penalties
- BLM: Bonus and First Year Rentals, and Permit Fees
- OSMRE: AML Fees including Audits and Late Charges, and Civil Penalties including Late Charges

There is a \$100K per company (and its affiliates) reporting threshold and all others are rolled into *Below Threshold* categories.

Certain Coal and Other Solids revenues are withheld due to potential *Trade Secrets Act* implications.



## SEC Dodd-Frank Section 1504 definition

**Project** means operational activities governed by a single contract, license, lease, concession, or similar legal agreement, which form the basis for payment liabilities with a government. Agreements that are both operationally and geographically interconnected may be treated by the resource extraction issuer as a single project.

## DOI Leases, ROWs, and RUEs

**Lease:** Issued by the Federal Government granting the exclusive right to the Lessee to explore, drill, mine, extract, remove, and dispose of the applicable oil & gas, solid mineral, geothermal, or renewable resources.

**Right-of-Way (ROW):** An authorization for the use of submerged lands of the Outer Continental Shelf (OCS) for the construction and use of a pipeline or cable for the purpose of gathering, transporting, transmitting, or distributing oil and gas or other energy products generated or produced from renewable energy.

**Right-of-Use and Easement (RUE):** A right to use a portion of the seabed at an OCS site other than on a lease, for the construction and/or use of artificial islands, facilities, installations, and other devices, established to support the exploration, development, or production of oil and gas, mineral, or energy resources from an OCS or State submerged lands lease.





# Number of Leases, ROWs, and RUEs reported to ONRR in CY2015

Count	Payment Range	Total Payments	Cumulative Payments	Cumul Pct of Total Payments
15	\$50M - \$182M	\$1,413,429,492	\$1,413,429,492	19.0%
107	\$10M - \$50M	\$2,225,802,347	\$3,639,231,839	48.9%
855	\$1M - \$10M	\$2,311,182,798	\$5,950,414,637	79.9%
3,815	\$100K - \$1M	\$1,220,898,226	\$7,171,312,863	96.3%
41,895	Below \$100K	\$276,030,053	\$7,447,342,916	100.0%
46,687		\$7,447,342,916		

**Note:** Above does not include \$60.5 million for Offshore Inspection Fees, Civil Penalties, and certain Other Revenues that aren't reported on a Lease, ROW, or RUE level. For example, Offshore Inspection Fees are billed at the facility or complex level.



# Communitization and Unitization Agreements

## BLM approved agreements

A **Communitization Agreement** is between the Federal government and another party (usually the operator of the well) of a designated spacing unit, determined by a *State Oil and Gas Board*, when a Federal lease cannot be independently developed and operated in conformity with an established spacing pattern. (Spacing is normally allocated with rectangular units, i.e., 40 acres, 80 acres, 160 acres, etc.)

A **Unitization Agreement** provides for the exploration and development of an entire geologic structure or area by a single operator so that drilling and production of all leases may proceed in the most efficient and economic manner. Enables an operator to locate wells in the most desirable locations to maximize reservoir recovery and minimize waste, surface disturbance, and degradation of the environment with fewer wells, roads, and infrastructure.



# Leases, ROWs, RUEs, Agreements, and Mines reported to ONRR in CY2015

Count	Payment Range	Total Payments	Cumulative Payments	Cumul Pct of Total Payments
14	\$50M - \$372M	\$2,052,658,972	\$2,052,658,972	27.6%
101	\$10M - \$50M	\$2,086,967,285	\$4,139,626,257	55.6%
843	\$1M - \$10M	\$2,288,302,299	\$6,427,928,556	86.3%
2,939	\$100K - \$1M	\$973,769,974	\$7,401,698,530	99.4%
53,411	Below \$100K	\$45,644,386	\$7,447,342,916	100.0%
57,308		\$7,447,342,916		

- Would be problematic to merge BLM-related revenues to the ONRR lease and agreement levels as BLM's accounting systems do not always reference a lease or agreement (e.g., *Application for Permit to Drill* fees are recorded with the well name)
- BLM and ONRR have different lease and agreement naming conventions
- OSMRE's AML Fees are collected at the mine level, not the lease level





**? QUESTIONS ?**